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PROPOSED MILK MARKETING AGREEMENT FOR CHARLOTTE, N. C.

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This tentative marketing agreement has been proposed and drafted by the Mecklenburg Mutual Producers Association, the Mecklenburg Milk Distributors Association and the Mecklenburg Milk Dealers Association, to be submitted with application for public hearing before the Secretary of Agriculture at Washington, D. C.

Definitions

As used in this agreement, the following words and phrases shall be defined as follows:

- A. "Fluid Milk" means and includes fluid milk and fluid cream and such fluid derivatives thereof as are listed in Exhibit "C".
- B. "Contracting Producers" means and includes the members of the Mecklenburg Mutual Milk Producers Association, and such other producers and associations of producers of "Milk" sold or consumed as "fluid Milk" in the "Charlotte Area" as may become parties signatory to this agreement according to the terms thereof.
- C. "Contracting Distributors" means and includes the members of the Mecklenburg Mutual Milk Distributors Association, Mecklenburg Mutual Milk Dealers Association, and such other distributors and/or processors of "Fluid Milk" doing business in the "Charlotte Sales Area" as may become parties signatory to this agreement according to the terms thereof.
- C.C. "Contracting Producer-Distributors" means those contracting producers who produce milk on farms operated by themselves in the Charlotte Milk Shed and distribute their product as "Fluid Milk" in the Charlotte Metropolitan Sales Area.
- D. "Charlotte Metropolitan Sales Area" means and includes the City of Charlotte, North Carolina, and the territory lying within 15 miles distant, air line, from the nearest point marking corporate limits of the City of Charlotte.
- D.D. "Charlotte Milk Shed" means and includes the territory bounded as set forth in paragraph six page ~~three~~ of this agreement.
- E. "Secretary" means the Secretary or acting Secretary of Agriculture of the United States.
- F. "Act" means the Agriculture Adjustment Act approved May 12th, 1933, as amended.
- G. "Dairy Council" means the Charlotte Dairy Council, a non-profit association,

WHEREAS, pursuant to the "ACT", the parties hereto, for the purpose of correcting the conditions now obtaining in the marketing of "Fluid Milk" in the "Charlotte Metropolitan Area", desire to enter into a marketing agreement under the provisions of Section 8 (2) of the "ACT" and

WHEREAS, Mecklenburg Mutual Milk Producers Association, Mecklenburg Mutual Milk Distributors Association and Mecklenburg Mutual Milk Dealers Association market approximately 90 percent of the "fluid milk" distributed and consumed in the "Charlotte Metropolitan Sales Area" and represent that they have corporate power and authority to enter into this agreement and

WHEREAS, Mecklenburg Mutual Milk Distributors Association, Mecklenburg Mutual Milk Dealers Association distribute more than 85 percent of the "fluid milk" distributed in the "Charlotte Metropolitan Sales Area", and

NOW THEREFORE, in consideration of the premises the parties hereto agree as follows:

1. The prices at which "fluid milk" shall be sold by the "contracting producers" and purchased by the "contracting distributors" for distribution or consumption in the "Charlotte Metropolitan Sales Area" shall be those set forth in Exhibit "A" which is attached hereto and made a part thereof. The prices set forth in Exhibit "A" may be changed by agreement between the "contracting producers" and the "contracting distributors" provided, however, that such price changes shall become effective only upon the written approval of the Secretary.

The "contracting distributors", subject, however, to sanitary requirements referred to in paragraphs numbers 6 and 8 of this agreement, severally agree to purchase all of the milk delivered by "contracting producers". Payments to "contracting producers" of milk delivered by "contracting producers" to "contracting distributors" during the first half of any month shall be made not later than the 25th of the month, and similarly, payments for milk delivered during the last half of any month shall be made not later than the 10th of the following month.

"Contracting producers" except producer-distributors agree that they will not distribute in the Charlotte Metropolitan Sales Area "fluid milk" at retail or wholesale while selling to "contracting distributors".

"Contracting distributors" agree that they will not purchase any milk and/or cream from "producer-distributors" except at Class 3 price, set forth herein, unless a supply is not otherwise available in the "Charlotte Milk Shed."

"Contracting distributors" agree that they will not purchase milk and/or cream for Class 1 and Class 2 uses as set forth herein outside the "Charlotte Milk Shed" as set forth herein, so long as there is a sufficient supply available from the "contracting producers" provided for in paragraph 6, pages 3 and 4.

2. The marketing plan governing the marketing of milk which is attached hereto, made a part hereof, and marked Exhibit "B", shall be binding upon the "Contracting producers" as to all matters herein required on their part to be performed and upon the "Contracting distributors" as to all matters therein required on their part to be performed. Such marketing plan may be modified by agreement between the "Contracting producers" and the "Contracting distributors" provided, however, that such modified marketing plan shall become effective only upon the written approval of the Secretary.

3. The wholesale and retail prices at which "fluid milk" shall be distributed by the "contracting distributors" in the "Charlotte Metropolitan Sales Area" shall be those defined and set forth in Exhibit "C" which is attached hereto and made a part thereof. The prices set forth in Exhibit "C" may be changed by agreement between the "contracting producers" and the "contracting distributors", provided, however, that such price changes shall become effective only upon the written approval of the Secretary.

4. All "contracting distributors" and all "contracting producers" agree to contribute and pay over to the Charlotte Dairy Council for its maintenance, on or before the 10th day of each month for the preceeding month:

a. one cent for each 100 pounds of "fluid milk" purchased, and

b. one cent for each 100 pounds of all "fluid milk" sold, respectively except that Producer Distributor shall pay to the Dairy Council a total of two cents for each 100 pounds of all "fluid milk" sold.

5. The "contracting distributors" each agree that they will not purchase fluid milk and/or cream from any producer who is not a member of a contracting producer association, unless such producers authorize the purchasing "contracting distributors" to pay over to the said Dairy Council the same amount per gallon of the contracting producer association are than authorizing their respective associations to pay over on behalf of its members; and for the purpose of this agreement all "contracting producers" associations shall have a deduction authorized by their members of not less than 1¢ per gallon (11.6¢ per cwt.), for all milk with any change in amount of said deduction to be made only by mutual agreement between contracting producer associations. The sums so paid by non-member producers shall be disbursed as follows: 1¢ per hundred weight of milk is to be used by said Dairy Council for its maintenance and the remainder of said sums to be kept by said Dairy Council in a separate fund for the purpose of securing to said nonmember producer benefits similar to those which are secured by members of said associations of producers. Said Dairy Council shall disburse such funds as kept by them on direction of the Secretary.

6. All present producers of "fluid milk" whose farms have been inspected by any municipal, county or state jurisdiction located in the following counties;

Lincolnton, North Carolina
Gaston, North Carolina
Union, North Carolina
Cabarrus, North Carolina
Iredell, North Carolina
Mecklenburg, North Carolina
York, South Carolina
Chester, South Carolina

shall, as heretofore, be permitted, as far as marketing conditions may allow, to become members of the Mecklenburg Mutual Milk Producers Association, on an equal basis with existing members similarly circumstanced.

In times of emergency requiring a larger milk supply than that provided in the said milk shed, the Dairy Council may for the period of such emergency permit additional supplies to be brought in from outside the area, provided said milk is not prohibited by the Health laws and ordinances applicable to the marketing of milk in the Charlotts sales area.

7. The "Contracting producers" and the "Contracting distributors" shall, as and to the extent required by the "Secretary", severally maintain systems of accounting which shall be subject to his examinations during the usual hours of business and they shall severally from time to time, furnish to the "Secretary" on and in accordance with forms to be supplied by the Department of Agriculture such information as the "Secretary" may request.

8. The standards governing the production, receiving, transportation, processing, bottling and distribution of "fluid milk" sold or distributed in the "Charlotte Metropolitan Sales Area" shall be those established by the health ordinances and/or dairy inspection laws of the City of Charlotte and of the State of North Carolina.

The "Contracting distributors" and "contracting producers" further severally agree that they will not give any rebate to any customer, directly or indirectly, nor lend any money, furnish any ice box, ice, refrigeration, or other equipment whatsoever, nor paint any signs free of charge; or for the purpose of securing trade, in any way make any inducements that will differ from the prices, quality and service established by this agreement, provided however that insofar as any party hereto has heretofore furnished any equipment to a customer and retained the ownership of such equipment, all such equipment shall upon a full value change of such customer's account be bought by the party obtaining such account or returned to the owner of such equipment.

The "contracting distributors" and "contracting producers" further severally agree that in the event they employ an employee of a competitor they will not, within sixty days from the date of said employee's last employment by said competitor, use such employee in any territory worked by him during the time in which he was employed by said competitor and will not within said sixty days period sell such employee any milk to be distributed or which might be distributed by or through him in territory formerly worked by him as aforesaid.

9. This agreement shall be effective at such time as the Secretary may declare above his signature attached hereto; and this agreement shall continue in force until the last day of the month following the aforesaid effective date and thereafter from month to month, except that - - -

a. The Secretary may (and upon request of 75 percent of the contracting producers, or upon request of 75 percent of the contracting distributors, such percentages to be measured by the volume of milk marketed or fluid milk distributed, respectively, the Secretary shall) by press release or other notice as the Secretary may determine, given on or before the 20th day of any month, terminate this agreement as of the end of such month.

b. The Secretary may for good cause shown as of the end of any month terminate this agreement as to any party signatory hereto by notice in writing deposited on or before the 20th of such month in the registered mails and addressed to such party at the address of such party on file with the Secretary.

c. This agreement shall in any event terminate whenever the President or Congress shall terminate the provisions of the Act which authorized this agreement.

10. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by virtue of this agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

11. The contracting producers and contracting distributors shall use their best efforts to assure the observance of the terms and conditions of this agreement by such producers and distributors. Subject to such regulations as the Secretary may prescribe, the contracting producers and the contracting distributors shall establish such agency or agencies as are necessary to (a) receive complaints as to violations by any contracting producer or contracting distributor of the terms or conditions of this agreement; (b) adjust disputes arising under this agreement between contracting producers and/or contracting distributors, (c) make findings of facts which may be measures as may be appropriate; and such agency or agencies if it or they deem it necessary, shall report its findings and action with respect thereto to the Secretary for appropriate proceedings under the Act.

12. This agreement may be executed in multiple counterparts which, when signed by the Secretary, shall constitute, taken together, one and the same instrument as if all such signatures were contained in one original.

13. After this agreement first takes effect any producer or association of producers of milk for consumption as fluid milk, or any distributor of fluid milk, may become a party to this agreement if a counter part thereof is executed by him and by the Secretary. The agreement shall take effect as to such producer or distributor at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such producer or distributor.

14. The Contracting distributors herewith apply for and consent to licensing under the Charlotte Milk Shed License to be issued by the Secretary and subject to Milk Regulations, Series 1, presented by the Secretary and approved by the President; and the contracting producers and contracting distributors agree that in case of differences between the provisions of Exhibit A or B of this agreement and the terms and conditions of said license upon the same subject matter, the terms and conditions of the license shall govern the interpretation of the provisions of said Exhibits.

IN WITNESS WHEREOF, the contracting producers and the contracting distributors acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

EXHIBIT "A"

PRODUCTION PRICE

Prices paid to producers shall be determined with reference to the definition of milk classes and "Rules for control of Basis Production" (set forth in Exhibit "B" to this agreement) which set up quantities of milk known as "bases" and define the classes of milk referred to herein. The price of Class 1, f.o.b. Charlotte, shall be \$2.35 per cwt. for milk of 4.2% butterfat content subject to a differential of 3¢ per 1/10 of 1 percent of butterfat content below or above 4.2%. The price of class 2 milk f.o.b. Charlotte shall be \$1.50 per cwt. for milk of 4.2% butterfat content adjusted by the aforesaid butterfat content differential. The price of Class 3 milk cwt. f.o.b. Charlotte, shall be: The butterfat content of milk times the average price in the Chicago market of 92 score creamery butter sold at wholesale during current month as reported by the U. S. Department of Agriculture plus 20%.

EXHIBIT "B"

DEFINITION OF MILK CLASSES

The term Class 1 milk, Class 2 milk, and Class 3 milk shall be defined and used for all sales and purchases between "contracting producers" and "contracting distributors" with settlement made between the parties signatory hereto as follows:

Class 1 milk - shall be all fluid whole milk sold by contracting distributors at retail, and for wholesale, bottled and bulk for human consumption as fluid milk.

Class 2 milk - shall be all fluid milk required for separation to produce all the fluid sweet cream sold by contracting distributors as cream, at retail or wholesale, bottled or bulk, for human consumption as cream.

Class 3 milk - shall be all fluid milk delivered to and accepted by contracting distributors, in excess of the total amount of Class 1 and Class 2 milk heretofore defined.

Each Distributor shall total the amounts of the Basic Quantities of all his producers. He shall then determine the percentages of his class one and class two milk sales.

He shall then pay each producer the above determined percentages of his established basic quantity at class one and class two prices.

For the balance of the milk received from each producer he shall pay said producer class three price.

Each distributor shall determine the percentages of his own class one and class two sales.

From time to time distributors shall shift producers from one another to equalize the payments to producers of the different distributors.

1. Producers who are tenants renting farms may retain their respective basic quantities.

2. In case of tenants changing from one farm to another, or farm owners selling and purchasing a farm elsewhere, and who, by this procedure, change buyers of their milk, it is definitely understood that the basic quantity established goes with the cows.

3. An established basic quantity may be transferred with an entire herd where sale and transfer is made to one party at one transaction, provided such herd shall be maintained for six (6) months consecutively thereafter on the first farm on which such herd shall be established after such transaction.

4. Established Basic Quantities may be retained by producers only when milk is produced on farms that have supplied the market for "fluid milk" for consumption purposes in the Charlotte, North Carolina Milk Shed within the past year or from farms that lie within a territory regularly supplying said market.

5. Where a herd is dispersed for any reason without a transfer of its established basic quantity, the herd must be replaced within sixty (60) days if such established basic quantity is to be retained by the producer.

6. Producers may combine all established basic quantities to which they may be entitled hereunder.

7. Any producer who is off the market for a period of more than sixty (60) days shall upon resuming production, be treated for the purposes hereof as a new producer but cannot make a new basic quantity in excess of old established basic quantity.

8. Producers whose average daily production for any three (3) consecutive months is less than seventy percent (70%) of their established basic quantity, will thereby establish a new basic quantity equal to such average daily production.

9. The present method of establishing basic quantities may be changed by conference between the "contracting producers" and "contracting distributors", subject to approval of the "Secretary".

Rules for Control of Established Basic Quantities for Producers

For the purpose of this agreement, the term Establish Basic Quantity as used in respect to any producer, farm, or herd, as the case may be, shall be the quantity of milk recorded on the books of each contracting distributor purchased during the months of January, February and March, 1933, the said sum divided by three, and except that new producers, if marketing conditions permit, will be allowed during the first ninety (90) days in which they produce and market, an established basic quantity equal to sixty percent (60) of their average daily production. New bases will be allotted from time to time as market conditions justify by the Dairy Council or such other agency as may be approved by the Secretary.

EXHIBIT "C"

PRICE SCHEDULE FOR CONTRACTING DISTRIBUTOR'S SALES

(a) Sales of the following articles in the Charlotte Metropolitan Sales Area made by contracting distributors shall be at the price hereinafter in this Exhibit set forth. Sales of the following articles in bottles shall be made only in bottles of the size specified, and/or the grades listed specified, and where butterfat content is specified, only at the specified percentages as specified.

(b) It shall not be deemed a violation of this agreement to add to the selling price of any article or articles hereinafter in this Exhibit specified, any sales or occupational taxes imposed by the laws of any State, if permitted by such laws; but, any such additions shall be uniform as to all contracting distributors.

WHOLESALE PRICE SCHEDULE MINIMUM

This schedule shall apply to sales of the following articles for resale or to any boarding house or fraternity house purchasing not less than four (4) quarts per day.

Milk - Bulk, for consumption as milk:

38¢ per gallon in full 8 gallon or 10 gallon cans

40¢ per gallon in split cans.

MILK	-	BOTTLES	CERTIFIED MILK
Quart	-	11-1/2¢	Quarts - 18¢
Pints	-	7¢	Pints - 10¢
1/2 Pints	-	3-1/2¢	1/2 Pints - 7¢

BUTTERMILK:

CULTURED MILK

Gallons	-	20¢
Quarts	-	6¢
Pints	-	4¢
1/2 Pints	-	3¢

CHURNED BUTTERMILK

Gallons.	-	20¢
Quarts	-	6¢
Pints	-	4¢
1/2 Pints	-	3¢

CHOCOLATE MILK:

Quarts	-	11-1/2¢
Pints	-	7¢
1/2 Pints	-	3-1/2¢

CREAM - BULK: For each percent butterfat content.

7¢ a point	-	8 gallons or over
8¢ a point	-	less than 8 gallons

CREAM - BOTTLED, Sweet: - Wholesale

Cream with a 20% butterfat content	-	40¢ per quart
Cream with a 20% butterfat content	-	22¢ per pint
Cream with a 20% butterfat content	-	12¢ per 1/2 pint
Cream with a 35% butterfat content	-	60¢ per quart
Cream with a 35% butterfat content	-	30¢ per pint
Cream with a 35% butterfat content	-	17¢ per 1/2 pint

RETAIL PRICE SCHEDULE MINIMUM

MILK:

Retail to homes

quarts - 13¢
pints - 6¢
1/2 pints - 5¢

Retail from Stores

quarts - 13¢
Pints - 8¢
1/2 pints - 5¢

CHOCOLATE MILK:

Retail to homes

quarts - 13¢
pints - 6¢
1/2 pints - 5¢

Retail from Stores

quarts - 13¢
pints - 8¢
1/2 pints - 5¢

BUTTERMILK:

CULTURED MILK

Retail to Homes

Gallons - 30¢
Quarts - 8¢
Pints - 6¢

Retail from Stores

Gallons - 30¢
Quarts - 8¢
Pints - 6¢

CHURNED BUTTERMILK

Retail to Homes

Gallons - 30¢
Quarts - 8¢
Pints - 6¢

Retail from Stores

Gallons - 30¢
Quarts - 8¢
Pints - 6¢

CREAM

Cream with a 20% Butterfat
Content

Retail from Stores:

Quarts - 50¢
Pints - 25¢
1/2 pints - 15¢

Cream with a 35% Butterfat
Content

Retail from Stores:

Quarts - 70¢
Pints - 35¢
1/2 pints - 20¢

CREAM (cont'd)

Retail to homes

Quarts - 55¢
Pints - 28¢
1/2 Pints - 16¢

Retail to homes

Quarts - 75¢
Pints - 38¢
1/2 Pints - 22¢

COTTAGE CHEESE

Retail:

10 and 12 oz. Cartons - 15¢

Wholesale:

10 and 12 oz. Cartons - 12¢

BULK

10 Lb. Cartons 10¢ per lb.
5 Lb. Cartons 12¢ per lb.

SOUR CREAM

Retail to homes

Quarts - 55¢
Pints - 28¢
1/2 Pints - 16¢

Retail from stores

Quarts - 50¢
Pints - 25¢
1/2 Pints - 15¢

